

FISCAL NOTE

SB 2002 - HB 1886

March 28, 2005

SUMMARY OF BILL: Creates the "TennCare Stabilization Act of 2005" and earmarks revenue from increased liquor, wine, beer and cigarette tax rates to a special account within the General Fund. All new funds are to be placed in a special account within the General Fund to fund the provisions of the TennCare Assist program and to provide statewide healthcare programs or services to disadvantaged residents of Tennessee.

ESTIMATED FISCAL IMPACT:

Increase State Revenues -\$154,200,000/TennCare Assist Program

Increase State Expenditures - \$154,200,000/TennCare Assist Program

\$127,000 One-Time

\$113,000 Recurring

Increase Local Govt. Revenues - \$1,800,000

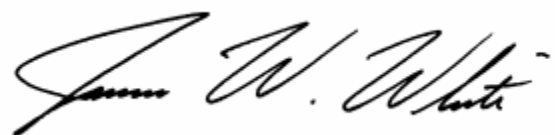
Other Fiscal Impact - Increase Federal Expenditures - \$276,500,000

Assumptions:

- FY06 projected increased tax collections: \$3.8 million for wine, \$3.6 million for liquor, \$1.7 million for beer, \$144.0 million for cigarettes, and \$1.1 million for other tobacco products.
- Increase in recurring and one-time expenditures of \$127,000 and \$113,000 respectively associated with two additional staff for Special Investigations to combat the expected flow of non-taxed cigarettes into Tennessee.
- Approximately \$1.8 million would be generated in local government revenues.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director